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SUBJECT: GUATEMALAN COMPANIES VOLUNTARILY PARTICIPATE IN
LABOR COMPLIANCE PROGRAM

¶1. On February 27, during its annual awards ceremony, the Guatemalan Association of Exporters (AGEXPORT) and its Apparel and Textile Industry Commission (VESTEX) publicly recognized and certified 29 Guatemalan textile and apparel companies that voluntarily participated in, and fulfilled the requirements of, VESTEX's Code of Conduct Program.

¶2. In his introductory remarks, VESTEX Labor Commission Director Marco Antonio Rosales commended the efforts of the participants, highlighting the importance of compliance with labor laws, especially in today's increasingly sophisticated and competitive global market. He noted that voluntary implementation of codes of conduct benefits not only employees and employers but also promotes Guatemala's competitiveness.

¶3. Embassy Labor Officer spoke at the ceremony, stressing the importance of implementing labor compliance programs in the textile and apparel industry as part of a global effort to improve respect for labor rights and to ensure safe and healthy working conditions. Laboff noted that corporate social responsibility programs are increasingly viewed as a competitive advantage and as an emerging industry norm as more and more companies recognize their long-term costs and benefits. Implementation of labor compliance programs can reduce staff turnover, improve product quality, boost productivity, attract new customers, and retain existing customers. They can also help companies avoid penalties, such as canceled orders, government fines, and litigation costs.

¶4. Although the Guatemalan textile and apparel industry declined in 2007 due to competitive pressures from China, in 2006, it employed 100,609 workers, representing 57 percent of all workers in Guatemala's manufacturing sector and 9.8 percent of the country's total formal sector labor force. Total production was valued at USD 1.5 billion, or 27 percent of the value (USD 5.5 billion) of Guatemala's total industrial production. According to VESTEX, the industry remains among Guatemala's primary generators of formal employment. In 2007, the industry accounted for 8 percent of GDP, with USD 670 million in foreign revenues. Export of apparel and textiles represented 22 percent of Guatemala's total exports, and 40 percent of exports to the U.S. The U.S. market alone represented 83.4 percent of apparel and textile exports from Guatemala.

¶5. According to VESTEX labor consultant Mariana Contreras, VESTEX labor compliance programs include a code of conduct program, alternate conflict resolution, monitoring of occupational health and safety standards, labor consultation, and training on labor rights and related themes. Its code of conduct program, based on ILO conventions, incorporates

prohibitions on discrimination, child labor, and forced labor; promotion of freedom of association, equality, and occupational health and safety; preservation of the environment; and respect for employees' personal and physical integrity.

¶6. In 2007, 53 companies, representing 39,481 employees, voluntarily participated in VESTEX's self-financed Code of Conduct Program with the aim of contributing to the prevention of labor conflicts. This number represents a significant increase from the 9 companies, representing 5,000 employees, that participated in 1996, the first year of the program. This year, VESTEX will launch a new training program, which will train 50,000 workers in the textile and apparel industry on labor rights and obligations and VESTEX Qapparel industry on labor rights and obligations and VESTEX labor programs.
Derham